

## 504 Lender Analysis & Management Program (504LAMP)

### Definitions

#### **DATA SOURCES**

SBA Databases

Bank of New York Debenture Database

Colson Status of Portfolio

Colson Funding Errors

#### 504LAMP GENERAL NOTES

\*\* All loans in 504LAMP are 504 loans; loans funded through the 503 program are not included.

\*\* For 504LAMP purposes, CDCs are only accountable for loans funded by the CDC. Loans inherited from ADCs or other CDCs are not counted.

#### **STANDARD TERMS**

\*\* Debenture (from 13 CFR 120.801): "An obligation issued by a CDC and guaranteed 100% by SBA, the proceeds of which are used to fund a 504 loan." The debenture is amortized on a semi-annual basis.

\*\* 504 Loan: The obligation owed by the small business concern that received assistance. The loan is amortized on a monthly basis.

\*\* Loan Approvals : All 504 loan applications approved by the CDC and SBA.

\*\* Debentures Issued: All 504 loan applications that were funded by the CDC.

\*\* Total Active Portfolio: Sum of all 504 loan balances for debentures issued by the CDC that are not paid in full, charged-off or sold in an asset sale.

\*\* Total Dollar Amount of Debentures Issued: Sum of all 504 gross debentures issued by the CDC.

\*\* Servicing Portfolio: Sum of all 504 loan balances for debentures issued by the CDC that have not been purchased or paid in full .

#### **504LAMP LOAN STATUS CODES**

Every 504 loan is assigned one status code from the list below on a monthly basis.

\*\* Asset Sale: The loan has been sold in an asset sale.

\*\* Charged-Off: The remaining balance of the loan has been charged-off by SBA.

\*\* Paid in Full: The loan is paid in full as a result of the borrower making all of its payments.

\*\* Paid in Full (Liq): The loan is paid in full as a result of a default and full recovery.

\*\* Prepaid in Full: The loan is paid in full as a result of a prepayment action on the part of the borrower.

\*\* Prepayment Pending: The paperwork and deposit have been received for a prepayment of the loan and debenture.

\*\* In Liquidation: The debenture has been purchased by SBA, the loan accounting has been transferred to SBA, and the loan has not been charged-off, paid in full, or sold in an asset sale.

\*\* Purchase Pending: The debenture is scheduled for purchase by SBA (and the loan is accelerated).

**\*\* Catch-Up:** The loan is in an SBA approved catch-up period and the catch-up period is reflected on Colson's Status of Portfolio Report.

**\*\* Deferment:** The loan is in an SBA approved deferment period and the deferment is reflected on Colson's Status of Portfolio Report.

**\*\* [#months] Past Due:** The loan is past due by the number of months in the brackets according to the Colson Status of Portfolio Report.

**\*\* Current:** The loan is current in its payments and has not been purchased by SBA.

**\*\* Canceled:** The loan was approved and subsequently canceled by SBA.

**\*\* Not Funded:** The loan was approved and either was NOT canceled or has not funded to date.

### **Tier Definition/Calculation**

**Tier:** A grouping assigned to a CDC based upon the NUMBER of 504 debentures issued by the CDC. The calculation groups CDCs of similar size without regard for the number of CDCs in a tier. The top tier (currently "Tier 6") only contains 2 CDCs, but since these CDCs have issued so many more 504 debentures than the previous tier they are grouped together. Conversely, some of the lower tiers have 50 or more CDCs since these CDCs represent the "average" range for tier calculation. The calculation is updated monthly and allows a CDC to "grow" into new tiers.

Currently there are 6 tiers. The mathematical calculation that determines a tier is the cube root of the CDC's portfolio size in dollar terms. New tiers will be added automatically as the CDC universe further diversifies.

### **Risk Management Benchmarks**

**Currency Rate:** The sum of the 504 loan balances that are 0 to 30 days current compared to the Total Active Portfolio for that CDC.

Passing level:  $\geq 90.00\%$

**Delinquency Rate:** The sum of the 504 loan balances that are more than 2 months past due compared to the Total Active Portfolio for that CDC.

Passing level:  $< 5.00\%$

**Default Rate:** The sum of the 504 debenture principal and interest paid by SBA to the investor on defaulted loans compared to the Total Dollar Amount of Debentures Issued by the CDC.

Passing level:  $< 9.00\%$

**Liquidation Rate:** The sum of the 504 loan balances that are in liquidation compared to the Total Active Portfolio for the CDC.

Passing level:  $< 5.00\%$

**Loss Rate:** The sum of the 504 loan balances that are charged-off or sold in an asset sale compared to the Total Dollar Amount of Debentures Issued by the CDC.

Passing level:  $< 3.00\%$

## **504 Benchmarks**

The 504 benchmarks are to be used as tools to further analyze a CDC's performance.

**Portfolio Diversity:** The number of SIC/NAICS codes that have 504 debentures issued compared with the total number of 504 debentures issued. The larger this ratio, the more diverse the CDC's portfolio.

**Quick Default Rate:** The Default Rate calculated for loans funded within the previous 24 months.

**Quick Currency Rate:** The Currency Rate calculated for loans funded within the previous 24 months.

**Aged Default Rate:** The Default Rate calculated for loans funded more than 24 months ago.

**Other Information on the CDC at a Glance**

**Tot Active Port:** The number and sum of 504 loan balances (in millions) in the CDC's Total Active Portfolio.

**Apprvls This FY:** The number of 504 loan approvals by the CDC for this fiscal year.

**Apprvls Last FY:** The number of 504 loan approvals by the CDC for the last complete fiscal year.

**Apprvls 2 FY Ago:** The number of 504 loan approvals by the CDC 2 complete fiscal years ago.

**Fundings This FY:** The number of debentures issued by the CDC this fiscal year.

**Currency Incl. Defers:** The Currency Rate for the CDC IF loans in deferment and catch-up periods were counted as current.

**Unfunded 3 FY:** The number of loans approved 3 fiscal years ago that never funded compared to the total number of approvals 3 fiscal years ago.

**Funding Error Rate:** The number of funding errors reported by Colson this fiscal year compared to the number of debentures issued by the CDC this fiscal year.

**Jobs/\$35K:** The CDC's job creation/retention ratio for loans approved this fiscal year only.

**Minorities:** The percentage of 504 loan approvals by the CDC to minority borrowers this fiscal year compared to the total number of 504 loan approvals by the CDC this fiscal year only.

**Women:** The percentage of 504 loan approvals by the CDC to women-owned businesses (51% or more woman ownership) this fiscal year compared to the total number of 504 loan approvals by the CDC this fiscal year only.